

The 2011 Consolidated Annual Performance and Evaluation Report (CAPER)

June 29, 2012



Prepared for
United States Department of Housing and Urban Development

by
Community Development Division, City of Duluth, Minnesota

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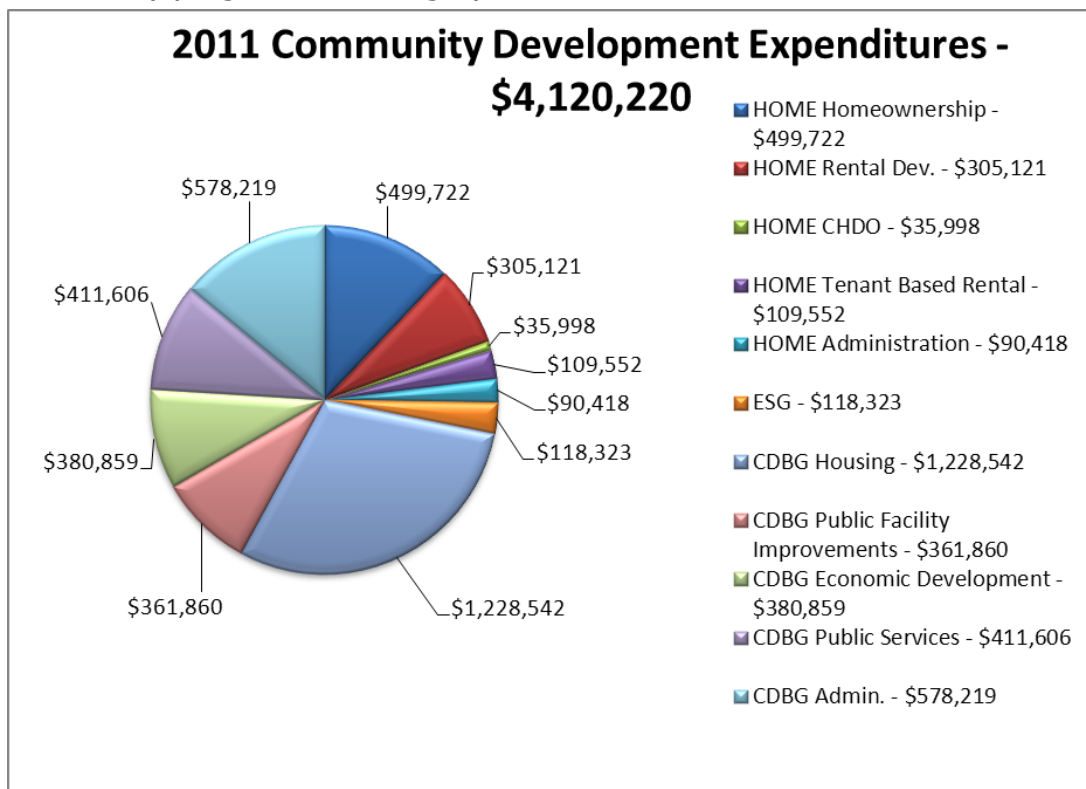
Executive Summary

The purpose of this report, the Consolidated Annual Performance and Evaluation Report (CAPER), is to outline 2011 accomplishments in community development and housing. This work was undertaken in large part through three major funding programs provided by the U.S. Department of Housing and Urban Development (HUD):

- * Community Development Block Grant (CDBG) Program
- * HOME Investment Partnerships Program (HOME)
- * Emergency Shelter Grant Program (ESGP)

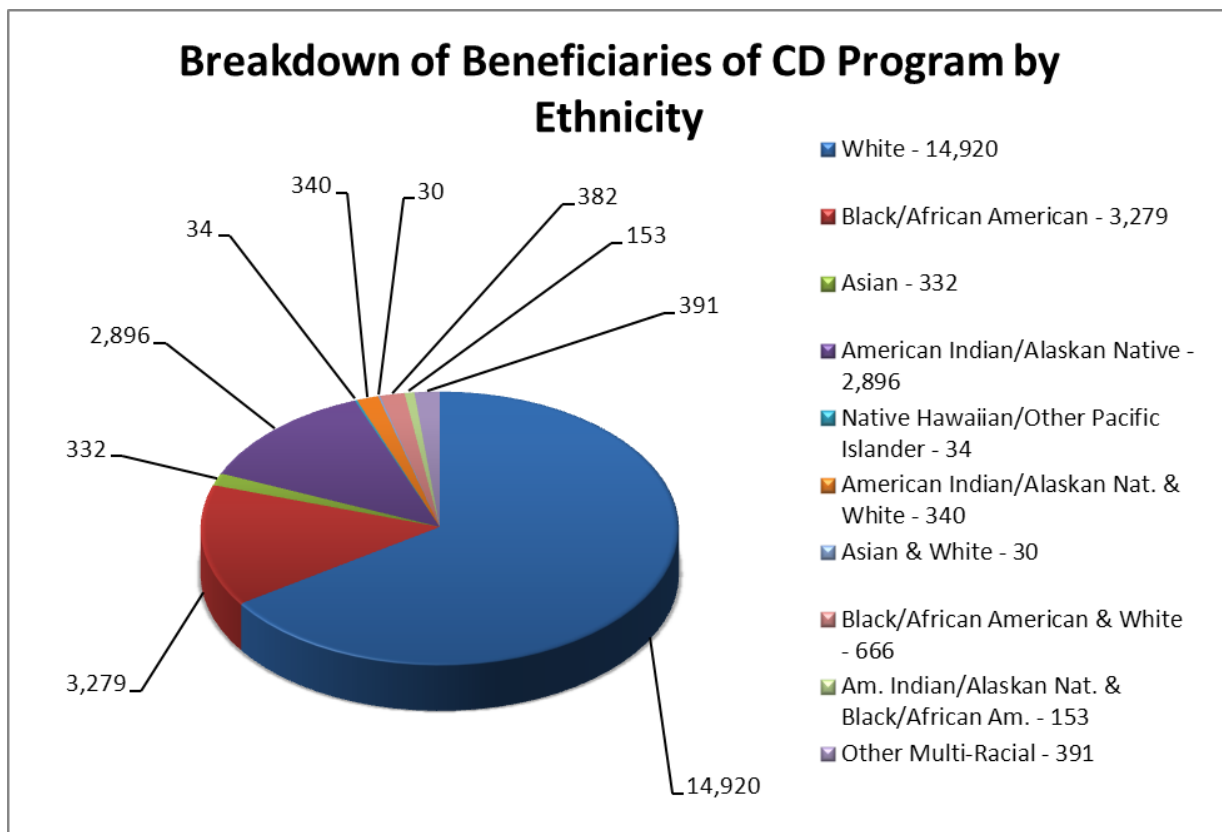
This report is organized according to these three funding sources, including information on fair housing and equal opportunity initiatives. A summary of other resources leveraged by these community development resources and citizen comments concludes the report. These comments were submitted to the City during the 15-day public comment period from June 14th to June 29th.

The following pie chart is a summary of the year's community development expenditures by program and category:



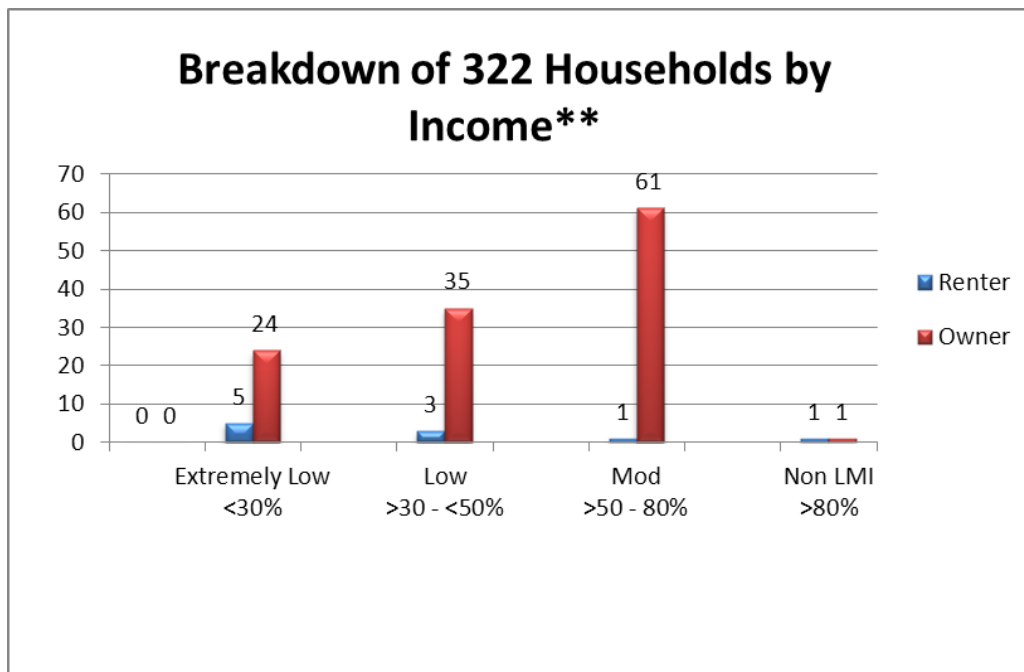
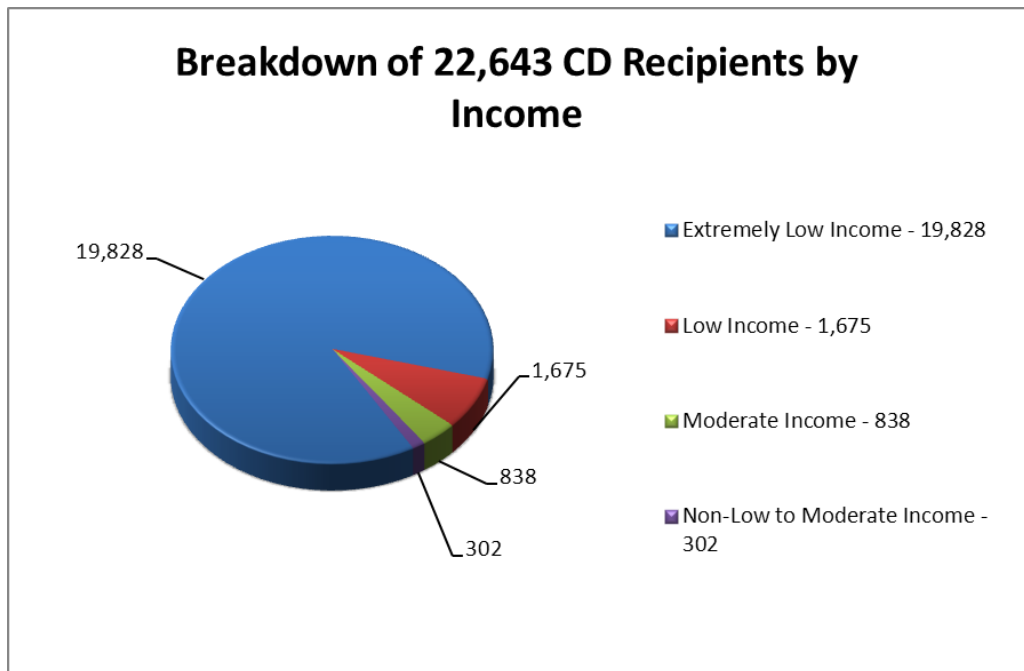
Demonstrating the impact of these community development resources on the lives of persons with low and moderate incomes is a main objective of this evaluation report. Thus, it is the City's objective that this report present to Duluth citizens and HUD a clear, complete statement of activity, as well as comply with federal statutory regulations.

Below is a chart that illustrates the beneficiaries of the program:



*Of the total 22,757 recipients, 289 were of Hispanic ethnicity.

The following is a breakdown of the income of the beneficiary population in comparison to categories of "Extremely Low Income" (less than 30% of the area median income), "Low Income" (more than 30% but less than 50% of the area median income), "Moderate Income" (more than 50% but less than 80% of the area median income) and "Non-Low to Moderate Income" (higher than 80% of the area median income).



**Housing total does not equal the sum of owner and rental due to the combination of data by income category captured with old and new requirements.

The subsequent sections of the 2011 performance report provide an evaluation of activities measured against the goals and priorities of the City of Duluth's 2011 Action Plan. This Action Plan is an annual investment plan - a component of the 2010-2014 Consolidated Plan for Housing and Community Development. The evaluation of activities in this report serves as a tool for bench marking the impact of the five-year Consolidated Plan.

The five-year Consolidated Plan contains the principal goals and strategies against which annual progress is measured. Reporting on 2011 activities - the second year of the five-year plan period - provides a sense of the City of Duluth's progress toward achieving its community development and housing goals.

Reaching the goals and meeting the needs of our community would not be possible without the commitment of the City's community development and housing partners, and to them we offer our gratitude. Additional financial information from the HUD computer system is available for review in the City of Duluth's Community Development Division.

For additional information or to submit comments on this 2011 report, please contact:

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Table 3A Summary of Specific Annual Objectives

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IDIS Code	Housing Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	2012 Goal	2012 Actual	2012 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
05S	Rental Housing Subsidies		Households	8	11		17	32		20	0		90%	50	43	86%	
	Tenant Based Rental Assistance - HRA	HOME	Households	8	11	\$ 37,000		10		20		\$ 125,000					DH-1
	Tenant Based Rental Assistance - HRA	HOME	Households				17	22	\$ 104,500								
13	Direct Homeownership Assistance		Households	13	1		12	8		11	0		51%	70	9	13%	
	FAIM IDA's & Down Payment Asst.- Comm. Action	CDBG	Households	13	1	\$ 66,654	12	8	\$ 60,000	11		\$ 55,000					DH-1
14A	Single Unit Residential Rehab.		Housing Units	40	18		9	38		40	0		25%	350	56	16%	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	40	7	\$ 250,000		24		40		\$ 225,000					DH-2
	Duluth Property Rehab. Program - HRA	HOME	Housing Units				9	0	\$ 180,000								DH-2
	Duluth Lateral Lines RLF - HRA	CDBG	Housing Units		11			14									
14B	Multi-Unit Residential Rehab.		Housing Units	76	0		60	41		60	0		78%	250	41	16%	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	55	0	\$ 342,500		41		60		\$ 200,000					DH-2
	Upper Transitional Rehab - Center City Housing	HOME	Housing Units	12		\$ 255,868		0									DH-2
	Lower Transitional Rehab - Center City Housing	HOME	Housing Units	9		\$ 99,240		0									DH-2
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units				60	0	\$ 219,000								DH-2
14F	Energy Efficiency Improvements		Housing Units	147	62		87	85		44	0		51%	550	147	27%	
	Duluth Weatherization Program - AEOA	CDBG	Housing Units	55	62	\$ 208,376	30	36	\$ 180,000	44		\$ 171,320					DH-2
	Duluth Energy Efficiency Program - Common Ground	CDBG	Housing Units	92	0	\$ 187,200		49									DH-2
	Duluth Energy Efficiency Program - Equilibrium 3	CDBG	Housing Units				57	0	\$ 116,500								
14G	Acquisition for Rehabilitation		Housing Units	11	0		40	6		7	0		53%	110	6	5%	
	Rehabilitation & Resale - NCLT	HOME	Housing Units	11	0	\$ 450,000		6		7		\$ 316,839					DH-2
	Multi-Family Development - NCLT	CDBG	Housing Units				32	0	\$ 200,000								DH-2
	Rehabilitation & Resale - NCLT	HOME	Housing Units				8	0	\$ 327,467								
14H	Rehabilitation Administration		Organization	1	1		1	1		1	0		60%	5	2	40%	
	Duluth Property Rehab. Program - HRA	CDBG	Organization	1	1	\$ 461,000	1	1	\$ 436,253	1		\$ 325,659					DH-2
21I	CHDO Pre-development		Organization	2	2		2	2		2	0		60%	10	4	40%	
	Predevelopment - NCLT	HOME	Organization	1	1	\$ 22,000	1	1	\$ 17,999	1		\$ 12,890					DH-2
	Predevelopment - Center City Housing	HOME	Organization	1	1	\$ 15,000	1	1	\$ 17,999	1		\$ 12,890					DH-2
Total of Housing Objective						\$ 2,394,838			\$ 1,859,718			\$ 1,444,598					
IDIS Code	Economic Development Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	2012 Goal	2012 Actual	2012 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
18A	ED Direct Financial Assistance		Jobs	40	41		57	54		35	0		66%	200	95	48%	
	SOAR Duluth At Work - Project SOAR	CDBG	Jobs	20	20	\$ 160,000	20	22	\$ 160,000	14		\$ 112,000					EO-1
	Employment & Training - CHUMWorks	CDBG	Jobs	15	19	\$ 112,500	15	17	\$ 120,000	9		\$ 72,000					EO-1
	NYS JET (Jobs, Education & Training) - NYS	CDBG	Jobs	5	2	\$ 40,000	5	6	\$ 40,000	2		\$ 16,000					EO-1
	Futures Program - Life House	CDBG	Jobs				6	6	\$ 48,000	3		\$ 24,000					EO-1
	Circles of Support - Community Action Duluth	CDBG	Jobs				11	3	\$ 90,500	7		\$ 56,000					EO-1
18B	Economic Development Technical Assistance		Businesses	6	10		8	9					35%	40	19	48%	
	Growing Neighborhood Businesses- NE Entrepreneur	CDBG	Businesses	6	10	\$ 18,207	8	9	\$ 66,500	8		\$ 64,000					EO-1
Total of Economic Development Objective						\$ 330,707			\$ 525,000			\$ 344,000					
IDIS Code	Public Facilities Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	2012 Goal	2012 Actual	2012 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
03C	Homeless Facilities		Facilities	0	0		0	0		0	0		0%	1	0	0%	
03D	Youth Centers		Facilities	0	0		0	0		1	0						
	Lincoln Park School for Boys & Girls Club									1		\$ 50,000					SL-3
03E	Neighborhood Facilities		Facilities	2	0		0	2		1	0		50%	6	2	33%	
	Memorial Park Community Center	CDBG	Facilities	1	0	\$ 250,000		1									SL-3
	Damiano Accessibility Project	CDBG	Facilities	1	0	\$ 279,450		1									SL-3
	Damiano Soup Kitchen Renovations	CDBG	Facilities							1		\$ 313,790					SL-3
03K	Street Improvements		Households	0	0		20	7		0	0		10%	200	7	4%	
	Street Assessment Assistance	CDBG	Households				20	7	\$ 84,000								SL-2
03L	Sidewalks		Facilities	22	0		20	10		0	0		38%	110	10	9%	
	Curb Ramp Accessibility & Sidewalk Improvement VII	CDBG	Facilities	22	0	\$ 42,020	20	10	\$ 61,495								SL-3
Total of Public Facilities Objective						\$ 571,470			\$ 145,495			\$ 363,790					

IDIS Code	Public Services Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	2012 Goal	2012 Actual	2012 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
03T	Transitional Housing Services		People	212	282		245	279		1321	0		198%	900	561	62%	
	Transitional Housing Program - S. Army/WCDO	CDBG	People	180	203	\$ 54,000	180	190	\$ 52,272								DH-1
	Permanent Support Housing - WCDO	CDBG	People	32	79	\$ 20,000	65	89	\$ 19,360	91		\$ 15,840					DH-1
	Homeless Stabalization Services - CHUM	CDBG	People							900		\$ 30,055					DH-1
	Oshki Transitional Housing Services - AICHO	CDBG	People							30		\$ 4,290					DH-1
	Transitional Housing Services - CCHC	CDBG	People							120		\$ 19,394					DH-1
	Transitional Housing Services - MACV	CDBG	People							80		\$ 15,000					DH-1
	Family Transitional Housing Services - Salvation Army	CDBG	People							100		\$ 17,616					DH-1
05	Essential Services		People	9100	16910		9100	14995		14409	0		76%	43000	31905	74%	
	Duluth Hunger Project - CHUM	CDBG	People	8000	13923	\$ 75,000	8000	13324	\$ 72,600	12000		\$ 64,703					SL-1
	Clothes that Work - Damiano Center	CDBG	People	1100	2987	\$ 20,000	1100	1671	\$ 19,360	1100		\$ 17,617					SL-1
	Feeding Kids thru Youth Programs - YMCA	CDBG	People							1309		\$ 21,170					SL-1
05D	Youth Services		People	800	1638		950	1357		0	0		44%	4000	2995	75%	
	Youth Development Collaborative - YMCA	CDBG	People	800	1638	\$ 87,213	950	1357	\$ 84,422								SL-1
05E	Transportation Services		People	0	0		0	0		0	0		0%	100	0	0%	
																	EO-2
05G	Services for Battered/Abused Spouses		People	500	686		550	561		500	0		78%	2000	1247	62%	
	Battered Women's Shelter Programs	CDBG	People	500	686	\$ 32,000	550	561	\$ 30,976	500		\$ 17,617					DH-1
05I	Crime Awareness		People	0	0		0	0		0	0		0%	20000	0	0%	
05K	Tenant/Landlord Counseling		People	208	0		0	0		0	0		17%	1250	0	0%	
	Housing Access Center - Damiano	CDBG	People	208	0	\$ 34,000											DH-1
05M	Health Services		People	2700	7480		2700	4467		6300	0		98%	12000	11947	100%	
	Primary Health Care for Low-Income People	CDBG	People	2700	7480	\$ 77,000	2700	4467	\$ 74,536	6300		\$ 66,480					SL-1
05N	Abused and Neglected Youth		People	600	649		600	679		520	0		48%	3600	1328	37%	
	LIFELINE Expressway of Youth Services	CDBG	People	600	649	\$ 35,000	600	679	\$ 33,880	520		\$ 30,943					SL-1
05Q	Subsistance Payments		People	165	165		165	265		0	0		38%	875	430	49%	
	Emergency Heating Assistance - Salvation Army	CDBG	People	165	165	\$ 25,000	165	265	\$ 24,200								DH-1
	Total for Public Services Objective					\$ 459,213			\$ 411,606			\$ 320,725					
IDIS Code	Homeless Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	2012 Goal	2012 Actual	2012 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
03T	Transitional Housing Services		People	1355	1206		1355	1586		1200	0		57%	6900	2792	40%	
	CHUM Stabilization Services for Homeless	ESGP	People	1100	892	\$ 37,000	1100	1327	\$ 37,000	900		\$ 31,124					DH-1
	MACV-Duluth	ESGP	People	75	111	\$ 19,000	75	69	\$ 19,000	80		\$ 4,540					DH-1
	Transitional Housing Program - Salvation Army/WCDO	ESGP	People	180	203	\$ 41,000	180	190	\$ 41,000								DH-1
	Family Transitional Housing Operations - Salvation Arm	ESGP	People							100		\$ 26,606					DH-1
	Transitional Housing Operations - Center City Hsg	ESGP	People							120		\$ 30,622					DH-1
	Youth Transitional Housing Opns - Life House	ESGP	People							30		\$ 7,530					DH-1
05G	Battered & Abused Spouses Services		People	500	686		550	561		500	0		52%	3000	1247	42%	
	Battered Women's Shelter Programs	ESGP	People	500	686	\$ 23,000	550	561	\$ 23,000	500		\$ 19,578					DH-1
	Total of Homeless Objective					\$ 120,000			\$ 120,000			\$ 120,000					
	Outcome/Objectives	Availability/															
	Decent Housing	Accessbility		Affordability		Sustainability											
	Suitable Living Environment	DH-1		DH-2		DH-3											
	Economic Opportunity	SL-1		SL-2		SL-3											
		EO-1		EO-2		EO-3											

The Community Development Block Grant (CDBG) Program

The CDBG program is a significant community development resource for Duluth, bringing approximately \$2.4 million annually to the City. The U.S. Department of Housing and Urban Development (HUD) manages this federal program. The principal objective of the CDBG program is providing assistance to persons and households with low or moderate incomes. At least 70% of the CDBG funds must be allocated to activities that assist persons with low or moderate incomes, and during 2011 the City of Duluth utilized 100% of the CDBG resources for that purpose.

While federal regulations govern many aspects of the program, communities have significant latitude in determining local priorities for their CDBG programs. Each community completes a five-year Consolidated Plan that outlines its local goals and priorities to be accomplished with the assistance of CDBG funds and other partnerships. Each community invests its resources through its Annual Action Plans, which enable the City to realize the goals that were set in the application and the Consolidated Plan.

The City of Duluth is a grantee for the CDBG program, according to a formula based on Duluth's population, age of housing, percentage of persons living in poverty and other socio-economic factors, which is updated when new census data is available. Through Duluth's citizen participation process, the City administration drafts the City's Consolidated Plan for Housing and Community Development, outlining community needs and priorities for CDBG fund expenditure. Each year, the Duluth City Council receives a recommendation from the Community Development Committee (CD Committee) on priorities for CDBG funding. The City Council then determines community development policy and corresponding fund allocation. The Duluth Mayor has final review and approval authority of the Consolidated Plan.

Eligible applicants for CDBG funding include for-profit institutions, nonprofit organizations, public agencies and neighborhood districts. CDBG assistance may not be used for direct individual assistance (for example, a grant to a family for its transportation expenses) or for political or religious purposes.

All CDBG funding allocations must meet one of three national objectives:

- Benefiting low- and moderate-income persons. "Moderate income" is 80% of the area median income; Low income" is 50% of the area median income; "Very-low income" is 30% of the area median income. The 2011 Duluth median income is \$61,500.
- Prevention or elimination of slum or blight conditions.

- Meeting a particularly urgent community development need (such as a natural disaster).

CDBG Program Areas

The CDBG program allows a community to implement programs and activities in four major categories: Affordable Housing, Economic Development, Public Facilities and Public Services. Each of the program areas allows the City to achieve locally designated community development goals. Each of the following program areas will provide a more detailed description of: 1) an assessment of the Five Year goals and the accomplishments this year; 2) what was accomplished from the Consolidated Plan objectives; 3) Activities to meet underserved needs.

Economic Development

In the Consolidated Plan for Housing and Community Development FY 2010-2014, the Economic Development category includes two economic development objectives as high priority needs and three objectives as medium priority needs. The City's FY 2011 Action Plan funded six economic development projects. The goal for five of those activities was to create jobs for low-moderate income (LMI) individuals (Duluth At Work), while the other was to provide technical assistance to small business owners.

The category of economic development may in its broadest sense include any and all efforts aimed at sustaining or increasing business activity within a community. However, the use of CDBG funds in the program category of economic development is restricted to what HUD regulations label "special economic development activities."

This category includes:

1. Commercial and industrial improvements i.e., acquisition, construction, rehabilitation or demolition.
2. Financial and technical assistance supporting the development of micro-enterprises, job creation, or job retention that benefit low-moderate income (LMI) persons.
3. Workforce development programs to provide LMI persons with the skills to qualify for jobs created by CDBG-assisted economic development activities or lead to job placement.

The Duluth At Work Initiative focuses primarily on assistance to micro-enterprises and job creation efforts that benefit LMI persons.

Table 3A illustrates how the 2011 economic development funding was allocated, what accomplishments were attained, and what progress has been made toward meeting the goals identified in the five-year Consolidated Plan.

Five-Year Goal Assessment

The economic development performance goals identified in the five-year Consolidated Plan are to create 200 job opportunities for LMI residents and assist 40 micro-enterprises. In 2011, the Community Development Committee allocated \$458,500 to create job opportunities for LMI residents over three years and \$66,500 to assist micro-enterprises over two years, for a total of \$525,000 toward economic development programs.

This brings the total amount of CDBG funds that have been allocated to economic development projects to meet the five-year Consolidated Plan's Economic Development priority needs to \$855,707.

This is the second year of the five year plan. When pairing the 54 jobs that were created in 2011 and the 41 jobs from 2010, approximately 48% of the goal of creating 200 jobs over the five-year term covered by the Consolidated Plan has been achieved. However, the Duluth At Work initiative is a three-year contract, meaning money allocated to the Duluth At Work initiative projects in 2009, 2010, and 2011 will still be used to gain more jobs or training through the completion of those three-year projects. Also, Duluth's Consolidated Plan Goal to serve 40 micro-enterprises in five years, is nearly achieved. On top of the 10 businesses that were assisted in 2010, 9 were assisted in 2011, for a total of 19 (48%) of the five-year goal.

Consolidated Plan Objectives

In 2011, six projects were awarded a total of \$525,000 in CDBG funds to assist the City in meeting the economic development goals and objectives outlined in the Consolidated and Action Plans.

Objective 22 - Invest in skill training of Duluth At Work participants to fill jobs for local businesses.

The Job Incentive Program (JIP) was allocated \$106,860 in FY 2005 to create 16 jobs and this is the last year (2011) of funding. Due to difficult economic times for small business, JIP did not meet the goal of 16 jobs. There were no new contracts for jobs in 2011. Again, this is a reflection of current economic conditions.

SOAR Career Solutions was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve 20 individuals and in FY 2011 they helped 22 people secure employment.

CHUM Employment Services was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve 15 individuals and in FY 2011 they helped 17 people secure employment.

NYS JET (Jobs, Education and Training) was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve five youth and in FY 2011 they helped six youth secure employment.

Life House Futures Program was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve six youth and in FY 2011 they helped six youth secure employment.

Community Action Duluth Circles of Support was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve 11 people and in FY 2011 they helped three people secure employment.

Objective 23 - Provide training and technical assistance to businesses to increase assets and create jobs.

Northeast Entrepreneur's Growing Neighborhood Businesses was funded under the Duluth At Work program to assist businesses with technical assistance to expand and hire LMI persons trained in the Duluth At Work programs. Their goal was to serve eight businesses and in FY 2011, nine were assisted.

Duluth's Anti-Poverty Strategy

According to the Anti-Poverty Strategy, the principal overarching goal of CDBG economic development funds is to reduce the number of Duluth's families and individuals currently living in poverty. Historically, the City has addressed this objective by investing CDBG funds in our community development partners' programs that create living-wage employment and/or provide LMI persons with workforce readiness skills.

These initiatives have been designed to reduce the number of Duluth households experiencing economic hardship. Job training, education opportunities, and the creation of permanent jobs to be filled by persons who are LMI at the time of hire represent some of the long-term efforts of the City of Duluth to provide benefits for the community's financially-disadvantaged households.

In 1998, the City of Duluth adopted a policy which exceeds the minimum HUD requirements governing the use of CDBG funds for economic development and continues to adhere to that policy. Although CDBG guidelines only require that the majority of jobs created through the use of CDBG funds be offered to LMI persons at the time of hire, Duluth's CDBG economic development policy stipulates that such jobs must be filled by, not simply offered to, LMI qualified persons at the time of hire.

The following policies form the basis of the funding evaluation process that will be utilized for determining how the annual investment of Community Development resources will implement the goal of reducing the number of Duluth's families and individuals currently living in poverty:

Policy #1: Provide occupational training programs coupled with career development and job placement in partnership with the City's Workforce Development Division to enable people to obtain employment.

Policy #2: Assist families with removing barriers to obtaining employment through long term or sustainable solutions that reduce the cost of essentials or burdens to household incomes (e.g., child care, health care, transportation).

Goals and policies for reducing the number of families in poverty, a new approach - *Duluth At Work*.

Duluth's 2010-2014 Consolidated Plan articulated the overarching goal of the Anti-Poverty Strategy: to reduce the number of Duluth's families and individuals currently living in poverty. One essential method for reducing poverty for all of these groups is increasing household income.

In order to meet the objective of increasing household income for those persons living in poverty, the City of Duluth has forged partnerships between private businesses, employers and nonprofit groups to develop a new approach to workforce development and poverty reduction.

This approach, implemented in FY 2008, was called "Duluth At Work". The Duluth At Work program is a holistic approach addressing the many challenges people in poverty face as they work toward becoming economically self-sufficient.

Duluth At Work is based on the Economic Opportunity Initiative (EOI) model from the City of Portland, Oregon, that was funded with various funding sources which included CDBG and the Northwest Area Foundation, and utilized a series of well researched best practices. The research used to develop the EOI also demonstrated there is no one-size-fits-all approach to assisting low-income people in attaining higher wage jobs and small businesses in securing financial stability and long-term success.

Through the implementation of this set of best practices, the Duluth At Work program is creating a system designed to remove barriers that people commonly experience when programs and services are provided in isolation from one another. This model allows for the tailoring of program elements to support program participants' strengths and is also designed to address individual and common needs.

These "Best Practices for Poverty Reduction" are based upon the Portland EOI model and include the following:

1. Serve a relatively small number of participants, so that the program can build on their individual strengths and be tailored to their individual and common needs.
2. Projects should serve groups with a common business/career track or similarity in ethnicity, housing or personal challenges or situations. Structured opportunities for peer support should be incorporated into all projects.
3. Offer comprehensive support services to remove personal barriers to success such as transportation, limited English, child care, housing status, lack of financial education and problem work behaviors. This requires some supported referrals and purchase of goods and services.
4. Emphasize development of strong long-term mentoring/coaching relationships between project staff and participants.
5. Involve employers early in program and curriculum design and by obtaining their commitment to employ graduates of workforce programs. Use active, workplace-based training approaches when possible.
6. Use individualized, comprehensive business planning and assessment with hands-on/ on-site business coaching in addition to structured business education and training activities.

The performance measurement for projects funded through the Duluth At Work initiative is employment training that leads to job placement and an increase in the individual's income of 25% from the time they enter the program through placement and after three years, or assistance to small businesses that leads to overall business growth of 25% in three years that may have an ancillary benefit of job creation.

Activities to Meet Underserved Needs

Because persons with multiple barriers lacking self-sufficient employment constitute a disproportionate number of our community's low-income households, all of the CDBG funded economic development programs focus on traditionally under-served/hard-to-employ populations. A primary focus of the Duluth At Work program is to assist persons with barriers to employment, primarily working through the Duluth Workforce Center, to assist with gaining employment and then increasing their incomes by 25% over a three-year period.

The outcome of these efforts is reported to the CD staff on a quarterly and annual basis. The Duluth Human Rights Office, Human Rights Commission and Duluth American Indian Commission are efforts by the City to address discrimination in all forms, including those factors creating employment discrimination.

In 2011, CDBG funds were allocated to the Duluth At Work program, which is geared to persons with multiple barriers to employment. These barriers include: lack of training, poor work history, child care, transportation, etc. Many of the participants have an income at or well below 50% of the median income and a large percentage of them are on MFIP (Minnesota Family Investment Program) or Temporary Assistance to Needy Families (TANF) rolls or are homeless. So, the Duluth At Work initiative is really assisting persons within the community who are the under-served and hard-to-employ populations.

In addition to the required demographic reporting on their projects, all CDBG funded projects are required to track reasonable accommodations requested by persons with disabilities. This information is intended to ensure that all sub-grantees are aware of their obligations to provide reasonable accommodations for access to their programs.

Public Facility Improvements

The CDBG Target Areas are identified by Census Tracts and Block Groups that have a majority of income-eligible residents. Duluth has seven CDBG Target Areas that span several neighborhoods within the city. Grass-roots citizen groups in each of the CDBG Target Areas developed multi-year community improvement strategic plans in 2011. These "At Home In Duluth" plans and the additional input gathered at Community Development Neighborhood Forums, and at CD Committee Public Hearings, both held as part of the City's public participation efforts, were used to help decide which public facility improvement projects were to be ranked high, medium and low priorities. Information gathered at the forums and the public hearings was also considered during the CD Committee's deliberations regarding the selection of individual Public Facility projects to be funded.

The City's 2010 – 2014 Consolidated Plan for Housing and Community Development listed four public facility activities as "high" priority and ten as "medium" priority.

Five-Year Goal Assessment

The 2010-2014 Consolidated Plan included the following goals as public facility needs to be accomplished by 2014: one homeless facility, six neighborhood facilities, 200 households for street improvements, and 110 sidewalk facilities.

Three neighborhood facilities were completed by March 31, 2012. The Damiano Center's elevator was completed, the Memorial Park Community Center was completed, and the American Indian Center, which was awarded FY 2007 CDBG Public Facility for an elevator, is now completed. Seven low-moderate income homeowners received assistance for street improvements. Sidewalk upgrades include one block of Superior Street between 19th Avenue West and 20th Avenue West with ten handicap accessible ramps.

The City will continue examining neighborhood and public facility improvement needs and base funding decisions on the greatest need, funding those projects that benefit our Target Neighborhoods.

Consolidated Plan Objectives

There are three Consolidated Plan Objectives that fall under Public Facilities.

Objective 9 - Assist LMI Homeowners with assessments for street improvements. Our goal for 2010-2014 is to assist 200 homeowners with the payment of street assessments for street improvements. In 2011, seven homeowners were assisted.

Objective 10 - Improve sidewalk surfaces to be accessible with mid-block and corner pedestrian ramps.

The 2010-2014 Consolidated Plan has a goal of 110 facility improvements to sidewalks. In 2011, the City improved one block of sidewalks which included ten ramps.

Objective 12 - Provide improvements to Neighborhood facilities for accessibility and delivery of vital services.

The 2010-2014 Consolidated Plan has a goal of six neighborhood facilities to be improved. At the end of Fiscal Year 2011, three neighborhood facilities were completed.

Activities to Meet Underserved Needs

The Damiano Center included the installation of an elevator in a building that provides a number of social service programs that include; clothing, food, transportation, and other public services.

The American Indian Center, which also had an elevator installed, will be able to provide housing, counseling, and health care to underserved Native American citizens.

Memorial Center will provide youth programming and opportunities for LMI persons living in the West Duluth neighborhoods.

Public Services

In the 2010-2014 Consolidated Plan, the City identifies a number of public services as high priorities. In 2011, the City allocated \$411,606, approximately 15% of its total CDBG allocation, the maximum amount allowed by HUD, for public service programming. The public service funding was used to provide a variety services, such as food, shelter, health care, transitional housing, and youth programming, that benefited LMI individuals and families.

The Table 3A illustrates how the 2011 CDBG Public Service funding was allocated, what accomplishments were attained and progress toward meeting the five-year goals identified in the Consolidated Plan.

Five-Year Goal Assessment

The performance goal identified in the five-year Consolidated Plan is to provide public services to 86,850 people between 2010 and 2014. In the first year of this Consolidated Plan, 27,810 people received services, which is 32% of the total five-year goal. In the second year, 22,583 people received services, which is 26% of the total five year goal.

2011 Action Plan Goal: The performance goal identified in the 2011 Action Plan is to provide public services to 14,310 people. The public service projects served a total of 22,583 persons, exceeding the 2011 goal by 8,273 persons.

Consolidated Plan Objectives

In 2011, nine projects were awarded a total of \$411,606 in CDBG funds to assist the City in meeting the public service goals and objectives outlined in the Consolidated and Action Plans.

Most notably, the majority of funds (33% or \$136,488) of the public service dollars went toward programs that offer transitional housing and other services for the

homeless. Another 28% was spent on essential services such as food, clothing, or emergency heating assistance to maintain affordable housing; 21% went toward after-school and summer programs for youth; and 18% went toward health services for low-income people who are uninsured or under-insured.

Objective 13 - Support programs that fulfill basic needs for persons who are homeless or in poverty - food, clothing, and shelter.

The four collaborative agencies comprising the Duluth Hunger Project provided on-site meals and emergency food packages to 13,324 people, exceeding their goal of 8,000 people.

The Damiano Center's Clothes That Work program provided work appropriate clothing to 1,671 low-income people seeking new employment or to help others in their current employment. Their goal was to serve 1,100 people.

The Salvation Army provided heating assistance to 265 people, exceeding their goal of 165.

Objective 14 - Provide transitional housing and services for persons who are homeless to become stabilized.

The Salvation Army Transitional Housing Program provided transitional housing and services to 190 people this year; their goal was to serve 180 people.

Center City Housing provided housing to 69 people; their goal was to serve 65 people.

Objective 15 - Provide shelter and services for battered and abused spouses to leave the violence and become stabilized.

Safe Haven Shelter for Battered Women and the American Indian Community Housing Organization (AICHO) provided temporary emergency shelter to 561 women and their children during the year, surpassing their goal of 550.

Objective 18 - Support the provision of primary health care and dental care for uninsured and under-insured in the community.

The Lake Superior Community Health Center served 4,467 people in 2011, exceeding their goal of 2,700 persons.

Objective 19 - Provide tenant/landlord mediation services to avoid or prevent evictions.

The program to address this objective was shut down; therefore, the funds were reprogrammed.

Objective 20 - Support summer and after-school youth development programs that provide positive role models and learning skills.

The Youth Collaborative, consisting of five youth agencies, was awarded CDBG funds to accomplish this objective. Together, the five agencies served a total of 1,357 youth. The 2011 goal for youth services was 950.

Objective 21 - Support programs that help abused and neglected youth who are at risk of being homeless to become stabilized.

Life House Youth Center provided support services and referral to 679 teens to help stabilize their lives, exceeding their 2011 goal of 600 people.

Activities to Meet Underserved Needs

In 2011, the City continued to fund numerous public service agencies that are working with people with "worst-case" needs. The City, in partnership with St. Louis County, completed a Ten-Year Plan to End Homelessness named Heading Home St. Louis County. Many of the agencies supported by the City through the CDBG and ESG Programs participate in efforts to implement the Plan, as do agencies throughout the County. The Plan calls for an increase in the development and support of many new and converted rental properties to permanent supportive housing, additional Shelter + Care units, greater focus on discharge planning and a greater focus on long-term support networks.

Lastly, all agencies funded through the CDBG, HOME and ESGP Programs are required to track all reasonable accommodations requested by persons with disabilities. While required, this information is intended to ensure that all sub-grantees are aware of their obligations to grant reasonable accommodations when economically feasible. Agencies maintain a log of persons requesting reasonable accommodations, which includes the nature of the request and how the request was accommodated. Agencies submit these logs to the Community Development office at the end of the program year.

Housing

Five-Year Goal Assessment

This was the second year of the 2010-2014 Consolidated Plan. Because many of the housing related development projects and ongoing rehab and homebuyer programs are not completed within one year, the first two year's number of housing will be less than 40% of the five-year goal. However, except for the single family rehab (14A) category,

the goals of the 2010 and 2011 contracts range from 36% to 54% of the five year consolidated goals.

Tenant-Based Rental Assistance (TBRA) has reached 31% of the five year goal. The downturn in the economy has resulted in a major increase in the number of homeless families and individuals needing housing, and rental vouchers have become a high priority for HOME funding. However, because both the 2010 and 2011 TBRA Contracts were open in the IDIS system, these HOME units are not counted under the HOME Program section of this report.

Improving energy efficiency in single family homes showed considerable progress. An established weatherization program administered by Arrowhead Economic Opportunity Agency (AEOA) exceeded their production goal for 2011 by six units. The total units are down from last year, as they are no longer working on stimulus funded projects. Last year, the Duluth Energy Efficiency Program (DEEP) had no production due to delays in contracting with their major funder, the State of Minnesota's Office of Economic Security. This past year, DEEP completed energy improvements for 49 income eligible households. Combining both program's production, we are at 28% of the five year goal.

Single family residential rehab projects consisted of HRA Homeowner Rehabs and repair of lateral sewer lines. There were 24 units completed using 2010 funding, and 14 sewer line projects utilizing 2008 CDBG funding. This is 16% of the five-year goal. In early 2011, the City, the HRA, and the American Lung Association received a three year grant award from HUD's Office of Healthy Homes and Lead Hazard Control. Part of this grant funded a pilot project to transition from traditional homeowner rehab programs to a healthy homes approach. As the partnership moves towards addressing all of the issues in a home that may adversely affect the families' health, we anticipate fewer, but more comprehensive, homeowner rehab projects. The five year goal may need to be revised, to reflect this new approach to rehab.

The individual savings account program funded under Direct Homeownership Assistance normally takes participants several years before they save enough for a down payment on a home. In 2011, eight homes were purchased, for a total of nine within the first two years of the Consolidated Plan, or 13% of the five year goal. As more participants have time to build their savings, the number of homebuyers will increase.

Multi-unit Residential Rehab completions in IDIS are not reflective of actual rehabs completed. The HRA had 41 units listed as completed in IDIS, and Table 3 reflects that amount. Rehab was completed on an additional 34 rental units, but for a variety of issues, they aren't, and can't, be completed within the 2011 program year in IDIS. These units will be count in next year's annual report. Also, Center City Housing's Upper and Lower Transitional rehab projects completed after March 31, 2012, and will

be counted next year. Had we been able to include these units, the multi-family rehab category would be at 38% of the five year goal, rather than the 16% shown in Table 3.

Northern Communities Land Trust (NCLT) has two projects funded under Acquisition for Rehabilitation. One is a major multi-family new construction development which is in the site acquisition stage, and the second is NCLT's ongoing program of acquisition, rehab and resale of single family homes. Six of these homes completed in IDIS last year, with another 10 units under construction. In 2011, NCLT completed the final of 20 homes funded through the Neighborhood Stabilization Program (NSP), a federal stimulus grant with strict deadlines for the obligation and use of funds. Table 3 shows 5% of the goal achieved at the end of 2011, however, looking at the goals of the 2010 and 2011 contracts, in combination they will meet 47% of the five year goal when completed.

Overall, the ongoing programs for homebuyer savings, homeowner and rental rehab, and rehab for resale show a steady production of housing opportunities for LMI households. The need for tenant based rental assistance during the economic downturn has resulted in more funds being expended for this activity. There is one significant holdover affordable housing development from previous year's funding. The Gimaajii project renovated the historic downtown YWCA into supportive housing for homeless families. The project is currently moving tenants into the building, and those units will be reported in next year's annual report.

See Table 3A for a breakdown of grant funds spent to achieve housing goals and objectives.

Consolidated Plan Objectives

The Consolidated Plan for FY 2010-2014 includes goals that meet the City's housing needs and assist households in accessing safe, affordable housing. Goals and objectives fall under two categories, rental and owner-occupied housing, and can be found in Table 2C in the Plan, Objectives 1 through 8.

Rental Housing

Objective 1 - Assist families to secure affordable rental housing.

NCLT was awarded CDBG funds for acquisition of property for a supportive housing Multi-Family Development to serve homeless families. During 2011, the development team, a partnership between NCLT and Center City Housing as the co-developers and CHUM as the service provider, worked on making the new construction project, Hillside Apartments, a reality. Their application to Minnesota Housing for 2012 tax credits was unsuccessful. But with the encouragement of MN Housing, they are applying again this year. The site has been secured, and if awarded credits, construction will begin in the

Spring of 2013. AICHO's Gimmajii Project, which is providing 29 permanent supportive housing units, is in the rent up stage, and the units will be counted next year.

Objective 2 - Improve energy efficiency of multi-family units.

The Duluth HRA's Rental Rehab Program improved energy efficiency by at least 10% in 41 multi-family units that are being counted in this annual report. The DEEP program primarily focuses on homeowner energy improvements. However, a component of their program is researching the best methods to retrofitting existing, older apartment buildings in Duluth. In the future, their findings will be used to incorporate energy efficiency improvements into rental rehab projects.

Objective 3 - Provide Tenant Based Rental Assistance (TBRA) to homeless individuals.

The Duluth HRA administered a HOME funded TBRA program, which provided vouchers to 10 households utilizing 2010 HOME Program funds and 22 households using 2011 funds.

Objective 4 - Rehab multi-family units to be compliant with Duluth Housing Code.

The HRA Rental Rehab program completed 41 units during the 2011 program year in IDIS, and an additional 34 units in which the rehab was completed, but not reflected, in IDIS. Center City Housing had two rental rehab projects which have since completed, the Lower Transitional Rehab project and the Upper Transitional Rehab Project will be counted in next year's annual report. Likewise, AICHO's Gimmajii Project, which renovated the YWCA building into permanent supportive housing units, is in the rent up stage, and the units will be counted next year.

Owner Housing

Objective 5 - Assist families to secure affordable homeownership.

Community Action of Duluth administered a CDBG funded Individual Development Account (IDA) program to match the savings of LMI households for purchasing a home. Normally, people save for several years before accumulating enough funds for the down payment and closing costs. In 2011, 8 homebuyers purchased new houses. The NCLT sold six totally renovated properties to new homebuyers during the year at an affordable price.

Objective 6 - Improve energy efficiency of single family units.

Two projects, AEOA's Weatherization and Equilibrium3's Duluth Energy Efficiency Program (DEEP) completed energy efficiency projects during 2011. AEOA completed 36 weatherization projects. The DEEP program completed another 49 projects. The six

rehab for resale homes completed by NCLT, and the 24 units of owner rehab completed by HRA, saw increased energy efficiency by 10% or more.

Objective 7 - Address vacant, substandard properties that may or may not be suitable for rehab.

The City of Duluth applied for, and received, \$1.6 million in federal Neighborhood Stabilization Program (NSP1) funding through the State of Minnesota. In turn, the City contracted with NCLT and the Duluth HRA to acquire, rehab and resell vacant, foreclosed homes to income eligible homeowners. The NCLT completed four homes during the year, and the HRA completed two additional NSP units. In total, 25 foreclosed homes have been returned to the affordable housing market as a result of the NSP grant. Some vacant properties are beyond rehabilitation. The HRA, using local funds provided by the Duluth Economic Development Authority, demolished eight such single family structures, and acquired another five units.

Objective 8 - Rehab single family units to be compliant with Duluth Housing Code.

The Duluth HRA completed 24 homeowner rehabs during the year. As the current pilot Healthy Home project evolves, it may result in reconsidering this objective in the Consolidated Plan. HRA administers a grant program to assist homeowners with emergency lateral sewer line repairs. In 2011, 14 households participated in this program.

Activities to Meet Underserved Needs

Extremely Low, Low and Moderate Income Households Assisted

The five-year goals for extremely low income renters are 183, for low income 114, and moderate income 103. In 2011, there were 61 extremely low income served (33% of the goal), four low income (3%), and three moderate income (3%). The several rental projects that house formerly homeless families and that have subsequently completed, will significantly increase these numbers in the next annual report.

The five-year goals for extremely low income homeowners are 303, for low income 305, and for moderate income 391. In 2011, 43 extremely low income households were assisted (14% of the goal), 43 low income households (14%), and 52 moderate income households (13%).

Section 215 Households

In 2011, there were seven homes bought by income eligible buyers that qualified as Section 215 units. For rental, there were 41 units that qualified as Section 215, for a combined total of 48 units.

Worst Case Housing Needs

The HRA completed five rental rehab projects in 2011 that housed a total of 33 individuals and families with incomes between 0% and 30% of median income. The HOME funded tenant-based rental assistance provided housing rental vouchers for 32 households. These households did not qualify for the HRA's Housing Voucher program or public housing, and were homeless or at risk of homelessness. Because this program is targeted to "hard to house" families, all of the TBRA vouchers address worst case housing needs.

There were 20 homeowners with incomes between 0% and 30% median, and 21 homeowners and two homebuyers with incomes between 31% and 50% median that had their homes weatherized or rehabilitated. Homeowners at these income levels are very likely to be cost burdened. The HRA provided emergency repairs to avoid probable condemnation for human habitation for ten owner-occupied homes.

No persons were involuntarily displaced by CDBG or HOME funded programs in 2011.

Accessibility Needs of Persons with Disabilities

The HRA's Rental Rehab program completed a project owned by Accessible Space Inc. called Pine Grove Apartments. This facility provides 25 units of housing for persons with disabilities. Accessible Space is a major provider of quality housing for persons with a variety of physical disabilities. The HRA also installed an accessible ramp and other modifications for a rehabbed home bought by a family with a child that uses a wheelchair for mobility.

Removing Barriers to Affordable Housing

The following are strategies from the Consolidated Plan to address affordable housing barriers, and the actions taken in 2011.

Strategy: Co-locating permitting and planning services within City Hall to streamline the housing development process by forming a "One Stop Shop."

In 2010, the "One Stop Shop" was formed on the second floor of City Hall.

Strategy: Adoption of a new zoning code to implement the Comprehensive Plan for land use, to provide more affordable housing options, for example, mixed-use, that lead to more investment.

The Uniform Development Code has been adopted. Work continues to rezone those areas of the City where the underlying Comprehensive Land Use Plan conflicts with the new zoning.

Strategy: Provide funding to assist in the repair or replacement of lateral sewer and water lines by LMI homeowners.

The Duluth HRA assisted 14 LMI households to repair their lateral sewer lines as required by the Environmental Protection Agency (EPA). Overflows into Lake Superior have been greatly diminished.

Strategy: Support selected demolition of blighted properties in LMI neighborhoods. If directly funded through Community Development, demolition requirements will include leaving a “clean” site for redevelopment.

The HRA acquired and demolished eight blighted single family structures, and provided clean sites on buildable lots. The City has formed a “Blight Team” with members from several City departments, the HRA, non-profits, and St. Louis County to coordinate efforts.

Strategy: Provide funding for affordability and value gaps for L/MH homebuyers.

Funds were provided for IDA savings accounts, and for affordability and value gaps for acquisition, rehab and resale homes.

Strategy: Increase per unit rehab funding to address all needed repairs and updates, including code, energy efficiency, major systems, sewer and water lines.

The pilot Healthy Homes project funded by a grant from HUD’s Office of Healthy Homes and Lead Hazard Control will be the starting point to determine the level of rehab necessary to comprehensively address all negative impacts in a home.

Strategy: Implement new gate keeper approach to housing rehab programs, for better service, coordination of available assistance, and increase efficient operation of housing agencies.

Community Development staff and representatives of housing rehab providers (NCLT, AEOA, Equilibrium3, HRA, and Neighborhood Housing Services) came together to develop a “Housing Resource Center” to coordinate rehab programs and assistance in Duluth. This group is in the process of developing single application and intake, shared data system, universal rehab standards, co-location of offices, coordinated staffing, and joint marketing of housing rehab programs. The Center will open Fall, 2012.

Strategy: Apply for HUD lead-based paint funds for rehab of rental units, targeted to tenant-based rental assistance and housing voucher programs.

The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds, for a three year project. The project began in 2011, with 28 units completed within the program year.

Strategy: Implement acquisition/rehab/resale programs to address vacant foreclosed properties in L/MI neighborhoods.

The NCLT and the HRA used federal NSP1 funding provided through the State of Minnesota to acquire, renovate and sell to income eligible buyers six foreclosed homes in 2011. NSP1 funding resulted in a total of 25 foreclosed properties being returned to the affordable homeowner market. In addition, they used HOME funds to acquire, rehab and resell seven homes.

Strategy: Conduct a housing market survey to determine the actual median value of homes in Duluth.

The Community Development office once again published the annual Housing Indicator Report, which includes home values and sales statistics for Duluth. In 2011, values increased slightly from a low in 2010, to an average value of \$154,300. The median sales price was also up slightly by 1.5%, to \$140,000. If the 201(3)(b) standard of after-rehab value is eliminated, a more in-depth market study will be conducted.

Strategy: Require rehab programs that receive City funding to increase energy efficiency in existing homes by 10%, and require funded new construction to meet Energy Star standards.

All rehab programs met the 10% energy efficiency requirement. No new construction projects were funded in 2011.

Strategy: Provide funding for tenant-based rental assistance to help the “hard-to-house” population secure adequate housing.

Funding for Tenant-Based Rental Assistance was significantly increased in 2011, in order to serve a higher number of homeless families and individuals.

Strategy: Modify Special Assessment policies to eliminate the “re-instatement” of special assessments on tax forfeit lots that have the potential for redevelopment.

City staff successfully eliminated garbage assessments on tax forfeit lots and homes.

Reduction of Lead Paint Hazards

The HRA Rehab Department notified 1,067 households of the hazards of lead-based paint, and AEOA notified 36 households, NCLT 6, Equilibrium 3 49, HRA TBRA notified 32 tenants, for a total of 1,145 households. The HRA tested and cleared 71 housing units during the year, which included CDBG, HOME, State and federal lead hazard demonstration funded rehab projects. The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds, for a three year project. 2011 was the first year of the project.

Section 108 Report

Section 108 Accomplishments Report																							
PROJECT DESCRIPTION				CDBG \$					ELIGIBLE ACTIVITY	NATIONAL OBJECTIVE		JOBS					HOUSING			LMA	LMC	SBA	SBS
Grantee Name	ST	Project Number	Project Name	108 Loan Amount	EDI AMT	BEDI AMT	Other CDBG \$	Total CDBG \$ Assistance	HUD Matrix Code for Eligible Activity	HUD N.O. Matrix Code	Indicate if N.O. Has Been Met Y=Yes N=No	FTE Jobs Proposed in 108 Appl.	Total Actual FTE Jobs Created	Number Held by/ Made Available to Low /Mod	Percent Held by/ Made Available to Low /Mod	Presumed Low -Mod Benefit (P) or Rev. Strategy Area (RSA)	Total Housing Units Assisted	Number of Units Occupied by Low / Mod Households	Percent of Units Occupied by Low /Mod Households	Percent Low / Mod in Service Area	Limited Clientele Y=Yes	Slurm/ Blight Area Y=Yes	Slurm/ Blight Spot Y=Yes
Duluth	MN	B-03-MC-27-0002	Village Place	\$7,857,860				\$7,857,860	12	LMH	Y						55	38	69%				

The HOME Investment Partnerships Program (HOME)

Assessment of Relationship of HOME funds to Goals and Objectives

The HOME Program provides grants and loans to implement the City of Duluth's affordable housing strategies. Combined with CDBG and local resources, the HOME funds contribute to achieving the goals and objectives of the Consolidated Plan listed in Table 2C, and are included in Priority Needs Summary Table 3A. An analysis of the relationship of the housing activities carried out with the HOME funds expended during the reporting period to the objectives and priorities of the Consolidated Plan and Action Plan is included under "Housing" in the CDBG Program report of the CAPER.

Specifically, 2010 and 2011 HOME funds were award to provide tenant-based rental assistance for Obj. 3., and to acquire, rehab and resell foreclosed homes to help address vacant properties under Obj. 7. In addition, two CHDO organizations, Northern Communities Land Trust (NCLT) and Center City Housing, received operating funds that strengthen their organizations and allow them to explore new housing development opportunities.

During the program year, six homes were acquired and rehabbed utilizing HOME funds by NCLT that were completed in the IDIS system. There are eleven additional NCLT units that are either under construction, or were completed and sold within the program year but can't be completed in IDIS due to problems with the data system. These units will be counted in the 2012 annual report.

Under the Substantial Rehab Program, the HRA purchased vacant blighted properties, completed a major rehab, and sold the house to income eligible homebuyers. The HRA completed and sold one unit funded with 2009 HOME dollars. Because of difficulties related to mortgage payments to the HRA that generate program income under the HOME Program, the HRA will not be creating any new acquisition and rehab units using this funding source.

A HOME-funded project that addresses initiatives outlined in the Duluth/St. Louis County Ten-Year Plan to End Homelessness is the Duluth HRA's Tenant-Based Rental Assistance (TBRA) Program. During the program year, 32 tenants received HOME funded rental vouchers utilizing the 2010 and 2011 contracts with the HRA, neither of which completed during the year. Therefore, these units are not included as HOME units in this annual report, but will be counted next year.

A HOME funded multi-family rental project completed construction, and is currently in the initial rent-up of their units. AICHO's Gimaajii Mino Bimaadiziyaan project renovated the former YWCA in downtown Duluth into permanent supportive housing for homeless families; to include a CDBG funded Indian Center providing culturally enriched meeting space and offices for social service organizations. The project will be reflected in next year's annual report.

Two other HOME funded rental rehab projects were under construction during the program year. Center City Housing is renovating two adjacent properties that were formerly owned by Women's Community Development Organization. The two buildings provide transitional housing for homeless families. Again, this project will be included in next year's annual report.

Of the seven homebuyer units completed in IDIS in 2011, two families were very low-income, one was low-income, and four moderate-income homebuyers bought newly renovated homes.

HOME Match Report

There were no HOME Match contributions in 2011. The Fiscal Year 2011 HOME Match Report form (HUD form 40107-A) is included with this annual report.

HOME MBE and WBE Report

In 2011, the seven completed units included 44 contracts and subcontracts, for a total project amount of \$319,423. Of those, women-owned businesses enterprises (WBE)

received nine contracts, and minority-owned businesses (MBE) one contract. The minority-owned business was also a women-owned business, and is counted in both categories. WBE contracts were 20% of all contracts, for an amount of \$104,441, or 33% of the total project's dollars. The MBE contract was only 2% of all contracts, but at \$75,500, it was 24% of the total dollars.

Assessments

Community Development Division staff completed monitoring of affordable rental housing assisted under the HOME program for compliance with rent restrictions and income limits. Onsite inspections and files reviews were completed on ten projects in 2011. They are:

<u>IDIS #</u>	<u>Project Name</u>	<u>Address</u>	<u>Owner</u>
915	Windwood Townhomes	701 Upham Road	Center City Housing
1463	San Marco Apartments	230 West 3 rd Street	Center City Housing
102	Washington Studios	315 North Lake Ave	ArtSpace Projects
1513	Memorial Park	605 Central Ave	Center City Housing
956	Young Mothers	411 N 57 th Ave West	YWCA
1064	Shelia's Place	1323-31 E 2 nd Street	Center City Housing
100	Five-Plex	218-228 N 14 th Ave East	Center City Housing
1435	Burke Apartments	720 Maple Grove Road	Accessible Space
764	Lifeline Building	102 West 1 st Street	Life House
1178	SIL House (formerly Phoenix House)	129 N 24 th Ave West	MACV

During 2010, Life House's "House of the Phoenix" project was vacant, as a new owner was being sought. On May 1, 2011, the new owner MACV occupied the building with new tenants. The City had suspended the HOME Program affordability period to allow Life House to secure another non-profit owner, and they did so with MACV. The affordability period has been reinstated.

Staff visited the above projects to conduct file reviews. Overall, the files were in good order. There is a potential finding for one project, Accessible Space Inc.'s (ASI) Burke Apartments, due to an increase in rents that exceeded the HOME rent limits for a portion of the program year. City staff has requested a more detailed accounting of rents charge for each month, and will be reviewing tenant files to confirm rents paid. If

staff determines there were excess rents collected, ASI will be required to reimburse tenants that were over charged.

The Duluth HRA performed the physical inspections on all of the above addresses, as they are certified to conduct Housing Quality Standard, Housing Code, and Lead-Based Paint inspections. All of the units passed inspection with no corrections needed.

City staff also monitored the HRA and NCLT rehab and resale programs. Both agencies were found to be in compliance with HOME Program and other federal regulations.

Assessment of Affirmative Marketing Actions

Of NCLT's and HRA's homebuyers, all were reported as "white." This is unusual, as in the past, homebuyers averaged between 10% and 20% other racial or ethnic households. The number of HOME units completed this year is very small compared to previous years. This is due, in part, to a focus on finalizing NSP funded units; to tenant based rental assistance activities not being closed in IDIS, as well as data retention problems and inability to save corrected information dated when projects actually completed in the IDIS system; and to three previously funded HOME rental projects taking longer than expected to complete and then rent up. One of these, the Gimmajii Project, is providing an environment sensitive to the Native American culture with supportive services for homeless families.

In summary, seven HOME units is too small of a number on which to base an accurate assessment of affirmative marketing. Of the 41 tenants residing in apartments assisted with CDBG rehab funds, 15% were other racial or ethnic households, as were 6% of homeowners who had their homes rehabbed and/or weatherized with CDBG dollars. Looking at the overall program, there appears to be adequate affirmative marketing.

Outreach to Minority and Women Owned Businesses

City agreements with housing agencies that rehab or develop new housing require outreach to minority and women owned businesses. NCLT and the HRA maintain a list of qualified bidders for rehab and construction projects that include MBE and WBE contacts for notification. The bid process allows NCLT and the HRA to contract with MBE and WBE businesses if they are within 10% of the lowest bid.

Emergency Shelter Grant Program

Since 1988, Duluth has annually funded the operation of transitional housing and emergency shelter facilities through HUD's Emergency Shelter Grant Program (ESGP), now called the Emergency Solutions Grant Program. In 2011, the City allocated a total of \$124,465 in ESG funding, which supported homeless shelters and transitional housing facilities in Duluth. The emergency shelter facilities funded through the ESG Program included the Churches United in Ministry (CHUM) Emergency Shelter which provides congregate shelter and services for homeless individuals and families, the

American Indian Community Housing Organization (AICHO) and Safe Haven Shelter for Battered Women, both of which provide emergency shelter and services to single women and women with children who are fleeing domestic violence. Transitional housing projects funded through the ESG Program include Minnesota Assistance Council for Veterans (MACV) transitional housing for veterans, The Salvation Army Family Transitional Housing Program and Center City Housing Corporation's (CCHC) transitional housing program for single women and single women with children. (CCHC acquired, and is operating, units formerly owned and operated by Women's Community Development Organization).

ESGP Matching Funds

2011 Projects:

CHUM Shelter

Safe Haven/AICHO Shelters

Salvation Army/CCHC Transitional Housing

MACV Transitional Housing

Total Resources

Funding Sources Amount

Federal/State & Local/Other \$ 464,337

Federal/State & Local/Other \$1,295,627

Federal/State & Local/Other \$ 383,857

Federal/State & Local/Other \$ 447,110

\$2,590,931

Accomplishments for the ESG Programs that also received CDBG funds—Salvation Army and CCHC Transitional Housing Programs (joint project) and Safe Haven Shelter for Battered Women and AICHO (joint application)—are reported under the Public Services category. There were two additional programs that received ESGP funds—CHUM and MACV. Both of these projects accomplished their goals in 2011. CHUM assisted 965 homeless persons with emergency shelter and homeless stabilization services and MACV assisted 99 homeless veterans with rapid re-housing, transitional housing and housing services.

Continuum of Care

The City of Duluth has a long history of collaborating with St. Louis County (SLC) in the delivery of funding and programming for the homeless. Community Development staff have long partnered with SLC staff, emergency shelter, transitional housing and other housing and homeless service provider agencies under the SLC Continuum of Care (CoC) Process. In 2007, those efforts resulted in the completion of a 10-Year Plan to End Homelessness for SLC and the City of Duluth. Heading Home St. Louis County, A 10-Year Plan to End Homelessness was incorporated into both the SLC and the City's Consolidated Plans. Under the Ten-Year Plan, a number of sub-committees were developed to address four primary goals of the plan; the primary goals are 1) Prevent new occurrences of homelessness; 2) Shorten the length of homelessness and rapidly re-house in the most permanent arrangement; 3) Expand access points to housing and services; and 4) Increase supports needed to maintain housing.

At that time, the Committee to End Homelessness was the governing body that oversaw the CoC Process and allocation of SuperNOFA funds, oversight and allocation of state funds for the Family Homeless Prevention and Assistance Program (FHPAP) and other activities under the 10-Year Plan. In 2009, the City and County conducted a joint Request for Proposal (RFP) process for the Homeless Prevention and Rapid Re-housing Program funds, which brought approximately \$1.2 million in additional homeless funding to the City of Duluth and nearly the same amount to St. Louis County. The focus of those funds was to assist homeless individuals and families to get rapidly re-housed and stabilized in permanent housing and provide prevention assistance to individuals and families at-risk of becoming homeless.

In 2010, City and County staff increased their efforts to strengthen and coordinate activities around the Ten-Year Planning process. Ten-Year Plan partners came together to conduct an evaluation of the 10-Year Plan activities and accomplishments, what was working, how we could improve our efforts to reduce and end homelessness and what City and County staff could do to better coordinate with organizations who provide housing and services for the homeless and those at risk of becoming homeless. Two main points came from that evaluation. One is that the needs of the southern part of the County, which is an urban area (Duluth) and the needs of the northern part of the County, which is rural and comprised of a number of small communities, are different. In addition, services are provided differently in Duluth than they are in the rural communities—in the north there is primarily one large “parent” organization and a few small agencies that work closely with the large agency to provide services to all homeless populations, with connection sites in a few of the small communities. In Duluth, there are several large agencies, but each of them primarily focuses on providing a number of specialized services targeted to their specific population. For example, The Salvation Army provides transitional housing to families, Life House provides transitional housing to homeless teens and Safe Haven Shelter provides emergency shelter to battered women (both single and those with children). Another area of concern identified in the evaluation was that people felt they were investing too much time and expense attending joint meetings that were held midway between the northern communities and Duluth—a one-way drive of 30-45 minutes once or twice a week. Providers expressed concern that they were not getting enough out of the meetings because the meetings focused so much on the needs of either the rural northern communities or the needs of Duluth.

City and County staff took these issues into consideration and began to refocus their planning and collaboration on the different needs and different make-up of the two distinct parts of the county—Duluth, (urban) and Northern St. Louis County (rural). In September of 2010, City and County staff attended HUD’s HEARTH Conference and came away with renewed focus on creating a coordinated community process for planning projects and activities for the homeless, particularly in conjunction with the

current funding sources that come to Northeastern Minnesota, such as federal ESGP, CDBG, HOME and CoC funds and state FHPAP and ESGP funding for the homeless.

With the start of 2011, City and County staff increased their collaborative efforts to enhance, strengthen and make changes to the County's Continuum of Care and to begin developing a coordinated homeless response system that incorporated the prevention and rapid housing activities outlined in the new Emergency Solutions Grant Program regulations and the new Continuum of Care regulations, expected in late 2012. In laying the foundation for the SLC Continuum of Care, there currently existed in both the rural part of the county and in Duluth coalitions comprised of many of the agencies that provide housing and services to homeless, and low-income populations. The Rural Housing Coalition--RHC (North) and the Affordable Housing Coalition--AHC (Duluth) had been meeting on a monthly basis for years to network and address advocacy, legislative and other issues.

Starting in Duluth, City and County staff suggested that the AHC membership take on a greater leadership role in addressing the needs outlined in the Ten-Year Plan, that many of the people attending the AHC were currently participating in multiple committees associated with the Ten-Year Plan and that we could be more effective by addressing the needs of Duluth at the AHC meetings and the needs of the North at RHC meetings. There was a lot of discussion about how this "new" community process would work, particularly in looking at various funding process and decision making procedures. There was additional discussion about how participants could get the most out of these monthly meetings by addressing separate, but related issues such as foreclosure, youth housing, discharge planning, new project/program development, and old topics such as advocacy and legislative issues. The CoC has been meeting in this format, through the AHC in Duluth and the RHC in Northern SLC, since the beginning of 2011, and it is going very well. The two groups are establishing mirror processes, while keeping the focus on the unique needs of the homeless and low-income populations located in the two geographic areas. Establishing the same process, but different focus between the northern and southern parts of the county, helps County staff maintain the integrity and transparency of the CoC process, the FHPAP planning process and, starting in 2012, the ESGP process.

Under the 2011 Continuum of Care process, nine Duluth agencies participated in the collaborative SuperNOFA application and received renewal funding in the amount of \$1,797,989 for housing and support services for homeless individuals and families. Agencies in Duluth receiving SuperNOFA funding include The Salvation Army, American Indian Community Housing Organization (AICHO), YWCA Young Mothers Program, the Human Development Center (HDC), Minnesota Assistance Council for Veterans (MACV), Life House, Lutheran Social Services, Center City Housing Corp. (CCHC) and the Housing and Redevelopment Authority (HRA) of Duluth. Except for Lutheran Social Services, YWCA and HDC, all the rest of these agencies also received CDBG and/or

ESGP funding from the City of Duluth in 2011. The Salvation Army, Life House and CHUM also received Homeless Prevention and Rapid Re-housing (HPRP) program funds in 2011. In addition to the CoC renewal funding, four additional projects received Bonus funding in the amount of \$334,424. Two of those projects are in Duluth; they include the Hillside Apartments, a Permanent Supportive Housing project being development by Center City Housing and the Northern Communities Land Trust (\$78,122) and the Gimaajii Mino Bimadizlyaan Permanent Supportive Housing project near completion and developed by the American Indian Community Housing Organization (\$35,022). In addition, three Duluth agencies also received funding under the 2011-2012 bi-annual Minnesota Family Homeless Prevention and Assistance Program (FHPAP). Overall, St. Louis County received \$675,000 and allocated \$44,475 to the American Indian Community Housing Organization and \$105,495 to the Salvation Army and Life House to carry out activities aimed at preventing people from becoming homeless and assisting individuals, families and youth identified as homeless, including those identified as chronically homeless.

The Committee to End Homeless has been the governing body for the Continuum of Care and FHPAP process in SLC for a number of years. It was intended, and proposed in the 10-Year Plan to End Homelessness, that a new governing body would be formed, but that was not accomplished until 2011. Following the 10-Year Plan and Continuum evaluation process, and city and county planning activities with the Affordable Housing and Rural Housing Coalitions, work began on making the changes to the 10-Year Plan, CoC and FHPAP governing group and establishing a more formal process associated with their activities. The name was changed from the Committee to End Homelessness to the Heading Home SLC Leadership Council. It was decided that it would be a fifteen members council comprised of the following:

- A representatives from the Minnesota Interagency on Homelessness
- A formerly homeless person
- A homeless advocate
- A veterans representative
- A Higher Education representative
- A representative from the business community
- A representative from SLC corrections
- A representative from the Rural Housing Coalition
- A representative from the Boise Forte Reservation
- A representative from Fond du Lac Reservation
- A representative from the faith-based community
- A representative from the Affordable Housing Coalition
- Three at-large representatives

Members of the SLC Leadership Council had to apply, either through the City Clerk's office or through the County Clerk's office. Nine of the members were appointed by the

County Board and six members were appointed by the Duluth City Council. The Leadership Council began meeting in January of 2012.

American Recovery Reinvestment Act

CDBG-R

The Community Development Office received \$684, 122 in American Recovery and Reinvestment Act (CDBG-R) funds and these projects have been expended in previous years except for sidewalk accessibility and sidewalk improvements.

American Recovery Reinvestment Act Expenditure Activity				
HUD Code	Project	Priority	Allocated	Expended
03L	Sidewalks Accessibility & Sidewalk Improvements	High	\$427,876	\$365,920

Curb Ramp Accessibility

The remaining funds were awarded for sidewalks on East Superior Street between 19th Avenue West and 20th Avenue West in November, 2011. This project should be completed by June 30, 2012. Construction of curb ramp accessibility improvements at intersections will create a smooth surface for persons with mobility disabilities. This project is expanded from the FY 2009 Annual Action Plan.

Americorps

No activity to report for 2011.

HPRP (Homeless Prevention and Rapid Re-housing Program)

In 2008, the City of Duluth was awarded \$1.2 million dollars to assist homeless families, youth and singles to obtain housing and maintain housing stability, and to assist youth, families and singles who are imminently at risk of losing their housing to maintain and improve their housing stability.

In 2009, the City contracted with four agencies to provide Homeless Prevention and Rapid Re-housing Program (HPRP) assistance. Those agencies providing services include: Churches United in Ministry (CHUM)—to provide homeless case management and housing assistance to families and individuals staying in the emergency shelter; The Center for Alcohol and Drug Treatment—to provide homeless case management, housing and financial assistance to homeless individuals exiting treatment facilities; Life House Youth Center—to provide prevention case management and rapid re-housing assistance to homeless teens; and The Salvation Army—to provide prevention case

management assistance to homeless families and to provide housing specialist assistance and financial assistance to all HPRP participants needing such assistance.

Through October 2012, the first year of HPRP, Community Development staff worked closely with service providers. Staff facilitated working group meetings with HPRP Case Managers and other project staff where program protocols and procedures were established. The group developed and implemented an assessment tool, intake, follow-up and exit forms and procedures, file checklists, reporting documents and the Housing Specialist protocols, including rental property inspection criteria and a landlord agreement. Early on in the program, the agency contracted to provide Housing Specialist services closed. The Salvation Army then hired a person to fill the Housing Specialist role, and with the help of the Salvation Army Housing Director and Community Development program staff, housing specialist responsibilities and protocols were established and shared with the HPRP Case Managers and other program staff.

As of March 31, 2012, the City of Duluth expended a total of \$1,100,044.35 in HPRP funds. This includes \$673,440.33 for prevention activities and \$359,683.70 for rapid re-housing activities. Of those funds, \$665,552.40 was provided to participants in direct cash assistance and \$367,571.63 was provided in housing relocation and stabilization services. From the time the program began in October 2009 and ended in March 2012, the HPRP Program served 1,143 persons (582 households); 961 persons (484 households) were assisted through prevention and stabilization services and 188 (103 households) were assisted through rapid re-housing and stabilization services.

As of March 31, 2012, 1,097 persons assisted in the HPRP Program were reported to have left the program. Of the participants who left the program, 902 (82%) reported to be stabilized in their housing after receiving housing assistance and six-months of follow-up services; 46 persons (4%) were reported to have left the program for temporary destinations and 21 persons (<2%) left the program for institutional destinations.

The City of Duluth has funded a Tenant Based Rental Assistance (TBRA) Program with the Housing and Redevelopment Authority (HRA) since 2004. In the last several years, in conjunction with the St. Louis County Ten-Year Plan to End Homelessness, the City has targeted homeless populations—particular those hardest to house, homeless individuals and families on probation from the HRA housing programs, and more recently, HPRP participants. This allows those who have greater difficulty finding housing to be rapidly re-housed, allows participants the opportunity to improve their chances of eligibility for the Housing Choice (Section 8) Voucher Program, gives these families greater housing stability by being housed in the TBRA program while they are on the waiting list for a Housing Choice voucher and to move on to that program once they complete their probation period or come to the top of the waiting list. From the start of the HPRP Program in October 2009 to its completion in March 2012, 36 HPRP

households were rapidly re-housed through the TBRA Program. Of those, 16 have since received a Section 8 Housing Choice Voucher and continue to be stably housed.

Leveraged Community Development Resources

HUD requests that the City of Duluth outline other federal and non-federal funding sources accessed in 2011 which assisted the City and its partners to accomplish the community development and housing goals.

Community Development sub-recipients reported a total of \$12,603,892 in leveraged community development resources for 2011. This represents a nearly 1:3.27 leveraging of community development resources with other funding. Below is a breakdown of that funding by source:

Other federal funds (non-CDBG)	\$ 2,997,716
State/Local funds	\$ 5,298,428
Private funds (foundations/United Way, fundraising)	\$ 3,077,150
Other funds (fees/reimbursement)	<u>\$ 1,230,598</u>
TOTAL LEVERAGED FUNDS	\$12,603,892
TOTAL COMMUNITY DEVELOPMENT FUNDS (CDBG, HOME, ESGP)	<u>\$ 4,120,220</u>

The 2011 Action Plan estimated a potential leveraging of \$3,654,600 in Community Development funds with \$19,534,093 in other resources. This estimate translated into a 1:5.34 leveraging of Community Development funds. In 2011, during the slow economic recovery when fewer resources have been available for these programs, the City's partners have struggled to provide needed funds to meet the growing demand for services to achieve the program's outcomes.

Loans and Other Receivables

For FY 2011, year-ending March 31, 2012

1. Float-funded activities outstanding as of the end of the reporting period:
There were no "float-funded" activities in the FY 2011 program.
2. Total number of loans outstanding and principal balance owed as of the end of the reporting period:

Single-unit housing rehab Revolving fund
loans outstanding – 71
principal balance - \$2,980,181
Program Income - \$ 1,294
Interest Earned - \$ 155

Single-unit housing rehab Deferred loans
loans outstanding - 522
principal balance - \$8,109,683
Program Income - \$ 62,271
Interest Earned - \$ 0

Multi-unit housing rehab Revolving fund
loans outstanding - 51
principal balance - \$1,095,196
Program Income - \$ 137,650
Interest Earned - \$ 362

Multi-unit housing rehab Deferred loans
loans outstanding - 66
principal balance - **\$2,737,368**

Economic Development Revolving loans
loans outstanding - 18
principal balance - \$247,735
Program Income - \$2,395
Interest Earned - \$ 75

3. Parcels acquired or improved with CDBG funds that are available for sale as of the end of the reporting period:

In 2011 the Duluth Economic Development Authority purchased the Lincoln Hotel lot for economic development purposes in the amount of \$192,500. This revenue has been recognized in the Financial Summary.

4. Number and amount of loans in default and for which the balance was forgiven or written off during the reporting period: There were no loan write-offs in the program year.
5. Lump sum drawdown agreement: There were no lump sum drawdowns during the FY 2011 program year.

Fair Housing

Three years ago (2009), the Community Development staff reviewed and updated the 2004 Fair Housing Plan. The Analysis of Impediments to Fair Housing and Fair Housing Plan was formally adopted by Duluth City Council on January 25, 2010 and incorporated into the 2010 to 2014 Consolidated Plan. An Action Plan for 2012 has been prepared and will be evaluated in the 2012 CAPER.

Outlined below are the goals and actions from the Fair Housing Plan addressed for Program Year 2011. The full and updated Analysis of Impediments to Fair Housing and Fair Housing Plan for Duluth is contained in the 2005-2009 Consolidated Plan as Appendix D.

IMPEDIMENT 1: LACK OF INFORMATION AND EDUCATION

Housing providers and consumers must have a greater understanding of fair housing laws and regulations; in particular, a better understanding of the fair housing rights and responsibilities as they pertain to the rental housing market.

Goal A: Disseminate general fair housing information to 1,000 tenants and landlords.

2011 Action: In late spring of 2010, the Housing Access Program (HAP) went out of business due to lack of funding. Prior to its closure, HAP was considered by renters and landlords as a single point of contact for fair housing. The goal of 1,000 handouts on general fair housing was reached. Printed materials were distributed by The Salvation Army, Legal Aid, and the City of Duluth's Human Rights Office, for an estimated amount of 650 handouts. The HRA distributed another 1,000 handouts, for a total of 1,650 handouts for 2011.

Evaluation Action: The Housing Access Program (HAP) went out of businesses in the spring of 2010. With the closing of HAP, a large gap was created in the information and education about fair housing. To better coordinate existing resources and determine gaps in service, the Community Development Office will call together representatives from 16 local agencies for a Round Table discussion on program coordination. One major outcome of this series of meetings (March 5, April 15 and May 3, 2012) is an update fair housing publication for agencies to distribute to their clientele.

2011 Actions Taken: A Round Table discussion was held on March 5, April 15, and May 3, 2012 with 16 local agencies, the result of which is a better understanding of what each agency can or cannot do, identification of existing resources, a commitment to meet annually and agreement to develop a fair housing booklet or handout.

Goal B: Develop and implement training to increase the knowledge and understanding of fair housing rights and responsibilities, to include reasonable accommodations for CDBG/ESG housing providers and tenants.

2011 Action: As indicated above, HAP went out of business in late spring of 2010. Activities by other agencies in Duluth were able to fill this gap in service. Training did occur through The Salvation Army's education opportunities; Rent Wise classes were held on May 15, attended by 10 persons and the October 12 class saw 8 attendees, their Tenant Landlord Forums were held on May 17 for tenants with 10 persons attended and their Landlord Forum of April 20 had 17 landlords attending. The City of Duluth's Human Rights Office and its Commission participated in two public information booths – Father's Day and Take Back the Night events. No numbers were kept on these activities but an estimated contact was made with 75 persons. The Human Rights Office participated in the Racial Equity Gathering held on May 12 and the Day of Remembrance held on June 15. Community Action Duluth held a conversation with Jodi Pfar on "The Intersections of Poverty and Race" on June 22. The Community Development Office and CHUM participated in the "2nd Annual Renters Summit" held on January 18, 2011. On October 11, 2011 a Renters Rights Forum was hosted by the Better Neighbors with city staff in attendance as a resource. Community Development staff attended the MHA: Fair Housing Training on April 26 – all attendees were local realtors; promoted and hosted the April 5 Tenant / Landlord Webinar conducted by HOME Line; completed a survey on the MN Housing's Fair Housing Plan and distributed data on HIV issues to local agencies.

Evaluation Action: Contact with The Salvation Army, City of Duluth's Human Rights Office, and Legal Aid to determine training opportunities held in Duluth in 2011.

2011 Actions Taken: The HAP Office closed in March, 2010. They had previously staffed the Ready to Rent Program. It was difficult to determine the level of information and education regarding Fair Housing provided to CDBG and ESG funded service agencies. It seems minimal, basic information was shared (printed materials), and several meetings took place with other agencies on Fair Housing, and Legal Aid did advocate and mediate with the HRA and at times with the courts.

IMPEDIMENT 2: HOUSING DISCRIMINATION AGAINST PROTECTED CLASSES

Discrimination may occur unknowingly at times, or without knowledge of the legal ramifications that may result, or because enforcement through the state or federal process is difficult and time consuming, and, therefore, not often pursued, or because it commonly occurs in one's life experience and becomes accepted behavior. It is estimated that only one percent of illegal housing discrimination is reported, and the most commonly reported basis for housing discrimination is race, followed by disability and familial status; the most common discrimination complaints are in relation to rental

housing. Regardless of why, how or where discrimination occurs, activities that discriminate against the more vulnerable of our population, against people protected under the Fair Housing Act, is an impediment to fair and equal housing choice, it is illegal and acting in accordance with fair housing law is the responsibility of all citizens.

Goal A: Reduce and eliminate discriminatory practices in the area of housing that have an adverse impact on our community.

2011 Action: Community Development staff will continue, in program year 2012, to collect information from the Human Rights Office regarding the number and nature of fair housing complaints and the action status of those complaints. This information will be reported annually through the Consolidated Annual Performance Evaluation Report (CAPER).

Evaluation Action: Review of City of Duluth's Human Rights Office activity regarding the number and nature of complaints.

2011 Actions Taken: Reviewed 2011 activities of the Human Rights Office which showed the following activities in 2011: no persons filed fair housing complaints. The office did provide referrals on an average of two to three per week to National Fair Housing 1-800-669-977 or to Legal Aid 218-623-8100.

Consistency of Consolidated Plan Priorities with Investment of CDBG Funds

This section of the report focuses on consistency of the City's funding allocation with the priorities of the Consolidated Plan, meaning whether we have funded the community's "High" priority areas and whether we have been able to fund any "Medium" priority areas after working on the High priority issues. Also, this section reflects on how well the program is doing to access all other possible resources that are consistent with the Consolidated Plan.

Consistency of Consolidated Plan Priorities with Investment of CDBG Funds

In the 2012 allocation process, the CD Committee established funding priorities that included distribution goals. These percentage ranges, or goals, were employed to guide investment decisions and further the overall Consolidated Plan goals and priorities.

Those funding goals were:

	<u>Percentage goal</u>	<u>Percentage allocated</u>
Housing	35	39
Economic Development	15	13
Public Facility Improvements	15	14
Public Services	15	15

Affordable Housing was the highest priority in the 2010-2014 Consolidated Plan. The Committee noted that there continues to be a lack of affordable housing units, along with the continued need for maintaining the existing affordable housing stock, which is very old in comparison to other communities. This was the rationale for continuing to allocate a higher percentage of the resources to the housing category, with a focus on multi-family rehabilitation in support of the Lead Paint grant that was awarded to the City in 2010. With the implementation of the Duluth At Work program the Economic Development category was again funded near the amount allocated last year. However, the amount allocated for the Public Facilities category decreased because there were few proposals in this category to fund.

Two "High" priority applications submitted in the 2012 process were not recommended for funding; they were the Salvation Army Heating Assistance Program funded in the past under Public Services and the Northern Communities Land Trust and Center City Housing Multi-Housing Development project which received CDBG funds in 2011. The Heating Assistance Program was not funded because the City received a reduction in CDBG funds and the CD Committee found that there were sufficient other resources to continue this program without CDBG. The Committee agreed that future HOME funds would be allocated to NCLT/CCHC for the multi-housing project once they receive the other funds needed for this project such as State Housing Tax Credits, which will be applied for in June 2012. There was one "Medium" priority project, the Lincoln Park School Reuse that was recommended for funding in 2012. The Committee's funding recommendation for this project was because there are a few schools that have been replaced and have no plans for how they will be reused. Whereas the Lincoln Park school is targeted for use by the Boys and Girls Club of Duluth as an afterschool and summer programming site and also targeted for senior housing.

A list of Duluth projects that submitted applications to the 2011 HUD SuperNOFA that were certified as consistent with Duluth's Consolidated Plan include; the Hillside Apartments, a Permanent Supportive Housing project for families being developed in partnership by Center City Housing Corporation and One-Roof Community Housing Organization, and the Gimaajii Mino Bimaadiziyann Permanent Supportive Housing (PSH) project that was developed by the American Indian Community Housing Organization. The Gimaajii PSH facility construction is completed and being occupied.

It should be noted that other Duluth organizations funded under the St. Louis County Continuum of Care include the Churches United in Ministry, Lutheran Social Services, Minnesota Assistance Council for Veterans, The Human Development Center, Young Women's Christian Association, The Salvation Army and the Duluth Housing and Redevelopment Authority.

In addition, three applications for other Federal Programs were certified as consistent with the Consolidated Plan.

<u>Priority Community Development Need</u>	<u>Priority Need Level</u>	<u>Accomplished By</u>	<u>Project/Program</u>
Public Housing	High	Duluth HRA	PHA – Plan
Home Ownership	High	Community Action Duluth	Housing Counseling, Education, and Matched Savings
Permanent Supportive Housing	High	CCHC/One Roof	Supportive Housing for Families Program

One-for-One Replacement/Displacement

The City of Duluth has a policy of minimizing displacement if at all possible. The requirements of the Uniform Relocation Act and Section 104(d) are included in all City contracts that may result in the need for relocation assistance. City staff evaluates all funded projects to determine if occupied properties will be covered, approves any needed relocation plans, and monitors grantees to ensure compliance.

In 2011, no projects resulted in the need for one-for-one replacement of affordable housing units. Also, there were no relocations triggered by the HRA's rental and homeowner housing rehab and lead remediation programs, or the HRA's and NCLT's acquisition, rehab and resale programs.

A planned supportive housing project for chronically homeless families, called the Hillside Apartment project, will likely result in the demolition of occupied properties in the Central Hillside neighborhood in 2013. On March 8, 2011, the Duluth HRA provided General Information Notices to 28 tenants of rental units, and three businesses, that they may be displaced by the project. The purchase of these properties has been completed. The Duluth HRA is the current owner, and when the project moves forward, the HRA will be providing relocation assistance to all affected parties.

Program Assessment

FY 2011 Performance Outcomes

	Accessible		Affordable		Sustainable	
	Projected	Actual	Projected	Actual	Projected	Actual
Decent Housing	2327	2709	199	159	-	-
Sustainable Living Environment	13350	21498	20	7	20	10
Economic Opportunity	65	63	-	-	-	-

This table shows the City's performance outcomes in the three areas of Decent Housing, Economic Opportunity and Sustainable Living Environment with the outcomes of improving accessibility, increasing affordability and creating sustainability. The 2011 performance results show that in the area of Decent Housing improving accessibility was dramatically over the projected amount due to the demand for transitional and shelter housing. In the area of increasing affordability the actual output lags behind the projections due to the length of time that housing rehabilitation takes in our community. Under the performance category of Economic Opportunity improving accessibility was slightly below the projected amount due to the poor economy and fewer job opportunities. The performance category of Sustainable Living Environment, improving accessibility, was well above the projected numbers due to the demand and high performance of the community's public service partners.

Strategy Adjustment or Program Retooling

Affordable Housing

During the past year, housing agencies and City staff participated in a series of meetings with the goal of streamlining the rehab process for homeowners, and increasing the efficiency of the various housing programs. This effort was particularly timely in light of reductions in the CDBG and HOME Program allocations. Plans are moving forward to create a Housing Service Center, with co-located offices, shared resources, common intake and eligibility determination. Interested homeowners and buyers will be able to start the process online or at any of the housing agencies. Outreach to property owners and homebuyers will occur using joint marketing under a unified identity for the new Housing Service Center. The Center will open Fall, 2012.

Economic Development

The Community Development Division will participate in the RFQ/RFP process for developing an Economic Development Plan for the City of Duluth which will identify needs and work to implement solutions. Those needs include sites, business tools and a trained workforce. The Community Development program continues to implement the Duluth At Work initiative in cooperation with the Local Initiatives Support Corporation (LISC) and the Duluth Workforce Center. This program focuses on

investing in people through employment training and skill development, not business incentives. The initiative has a simple goal of increasing household or business incomes and assets by 25% over a three-year period. The objective is to assist people in gaining employment opportunities, through skill development, to access jobs that will assist them with a way out of poverty and toward economic stabilization. The City's program added two new agencies (Life House and Community Action Duluth), in an effort to reach additional population groups in need of skill development and employment opportunities. The program also provides business owners with technical assistance to increase business viability that will lead to job creation and growth with the Community Development Target Areas over a two year period.

Public Facilities

The City is undertaking an extensive facilities plan to determine the most efficient use of public resources and, with Independent School District 709 which has recently completed such a plan, the potential for collaboration does exist. The investment in the Memorial Park Community Center in combination with the Laura MacArthur Elementary School is a prime example. The City is re-examining our street investments strategies and focusing future investments on ensuring that "Neighborhood Facilities," which deliver much needed public services, i.e., meals programs or food shelves, are handicapped accessible and up to date.

Public Services

These programs and agencies have been dramatically affected by both state and federal reductions which are directly impacting the operation of vital services for the lowest income individuals within the community. The upcoming program year will require the City to refocus the priorities to meet the most crucial needs of low income individuals. The assessment of priorities will mean reducing funding to programs that have good outcomes, but may need to seek other resources to continue rather than utilize community development funding. Another way to achieve some efficiency could be to implement a per unit goal amount for each category with public services. Out of the 10 Year Plan to End Homelessness, the city will promote collaborations in housing service providers. The City of Duluth is not focusing CDBG funds towards youth programming, primarily because the City has other funding that it is now contributing towards youth programming.

Overall, the services in the Community Development program are achieving good outcomes, and have now been doing so by seeking ways to achieve greater efficiencies; however, more collaboration could lead to more efficiency. The community has had to make undesirable choices in order to preserve the vital services that are essential to persons with low and moderate incomes in Duluth. The public services program continues to be retooled in order to prioritize services that are efficient and achieve the best results.

Monitoring

Each community development project is monitored on-site by the Community Development staff at least once every two years. For 2011 projects, thirteen community development projects were monitored by an on-site visit from Community Development staff, and eleven received a file monitoring. At the onsite visits, staff verifies both that program activities are meeting a national objective and funds are being expended appropriately on eligible activities. A financial monitoring is conducted on programs that administer revolving loan funds on behalf of the City at least every year and all other programs receive this type of monitoring based upon a risk assessment.

In 2011, staff found no program findings or concerns with any of the projects monitored. All projects met both the required national objective and eligible activity expenditure tests.

CDBG Target Areas

The City continued to locally designate CDBG-eligible "Target Areas" citywide (See maps following pages). Each Target Area was comprised of groups of census tracts or census block groups in which at least 51% of the residents had low to moderate incomes by HUD's Annual Income Guidelines. All CDBG Target Areas were eligible for "area-benefit" projects and were priority areas for "citywide" programs.

The CDBG Target Areas include the following areas:

Census Tracts 37 & 38-3 - Morgan Park, Gary, Fond du Lac
Census Tracts 30-1, 31-4, 32, 33, 34-1 - West Duluth
Census Tracts 24, 25, 26, 27 & 28 - Lincoln Park
Census Tract 3-4 - Duluth Heights
Census Tracts 9-4, 16, 18, 19, & 20 - Central Hillside
Census Tracts 12, 13 & 17 - East Hillside
Census Tract 14 – Endion

While these target areas have been the primary focus of the City's physical improvement projects and housing activities in past years, the Community Development office has partnered with the At Home in Duluth collaborative to engage neighborhoods to re-examine revitalization focus areas. As a result of that process, each of the City's Core Neighborhoods have defined smaller geographic target areas to develop a more focused approach to targeting resources.

In early 2012, all five neighborhoods finished updating the "Neighborhood Revitalization Plans". The five neighborhood revitalization plan updates help to identify smaller

geographic target areas within the neighborhoods where resources are being focused. Ongoing analysis will be done to address any additional, specific target areas.

Outreach Initiatives to Include Underserved Populations in Target Areas

During 2011, the Community Development Division worked to increase participation of under-served populations through enhanced outreach. Listed below is a summary of the activities.

1. The Community Development program meeting dates and important steps in the Consolidated Plan development process were advertised and reported on in the Hillside, which is a free local paper that is delivered to all homes in the Central Hillside, East Hillside, Endion and Lincoln Park areas. The meetings were also advertised in the Duluth News-Tribune and on the City website as well as PACT TV. Under-served populations have access to the website through free computer use at the Duluth Public Library and its two branch locations.
2. Held two neighborhood forums on Community Development and Housing needs. The forums were conducted on May 17 (Central Hillside Community Center) and on May 11 (Morgan Park). The neighborhood forums were geared to making the hearings less intimidating to individuals and more participatory.
3. Held an on-line forum from May 9 to 21. During this time, different questions about housing, economic development, public facilities and services were asked. Responses from this on-line forum and responses from the neighborhood forums were posted on the CD Division website.
4. The Community Development Division is a core group partner of the "Creating Neighborhoods That Work At Home in Duluth." This partnership has provided several venues for outreach to under-served populations in target areas. One of these activities included the fourth annual "Connecting the Dots Showcase and Assembly," held in October, 2011. Hundreds of people from across Duluth attended and participated with 35 local agencies and organizations to learn ways they could get more involved in neighborhood revitalization and make a positive difference in their targeted neighborhoods.
5. Worked with community partners LISC, NHS and SVCNDA in assisting with the facilitation and the planning of the neighborhood revitalization plans, holding several neighborhood meetings and reaching out to under-served people in the process. In addition, community partners LISC, CHUM, and NHS coordinated neighborhood

educational forums, block clubs, and other community building activities in the Central Hillside through the National LISC Community Safety Initiative.

Summary of Citizen Comments

Consistent with federal regulations, the City of Duluth conducted a 15-day public comment period on the 2011 Consolidated Annual Performance and Evaluation Report. The comment period was June 14 - 29, 2012. This was advertised in the Duluth News-Tribune, the Budgeteer, and announced at City Council and community meetings. The announcement was also placed on the Community Access Channel calendar of events and the City's web site. Copies of the document were available to the public at the Community Development office, the City Clerk's office, the Duluth Public Library and all branch libraries and on the City's website. The Community Development Committee held a public hearing on the CAPER and activity performance towards Consolidated Plan goals on June 26, 2012. At which time no comments were received.

The following correspondence was received during the 15-day public comment period:

No comments were received during the public comment period.

Response:

None required.

The following is the public hearing and comment period ad and meeting summary of the Community Development Committee.

**2011 CONSOLIDATED ANNUAL PERFORMANCE &
EVALUATION REPORT (CAPER)
ADDENDUM**

1. 2011 Summary of Activities Report (GPR) - C04PR03
2. Summary of Accomplishments Report – CO4PR08, CO4PR10 and CO4PR23
3. Financial Summary (4949.3) C04PR26
4. 2011 Status of HOME Activities Report - C04PR 22
5. Status of 2011 HOME Grants Report - C04PR27
6. Status of 2011 Community Housing Development Organization Funds by Fiscal Year Report - C04PR25
7. HUD 40107-A Match Report on HOME Funds – CO4PR33
8. Consolidated Annual Performance and Evaluation Report (CAPER) - C04PR06
9. Program Income (WKS) C04PR09
10. CDBG Performance Measurement Report – CO4PR83
11. HOME Housing Performance Report – CO4PR85
12. HRA Onsite Inspection Report

Copies of these reports are available for viewing at the Community Development office.